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INDEPENDENCE TO COLONIAL COUNTRIES
AND PEOPLES

TURKS AND CAICOS ISLANDS

Working paper prepared by the Secretariat

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TURKS AND CAICOS ISLANDS 1/

I. GENERAL

1. The Turks and Caicos Islands lie south-east of the Bahamas and about 145 kilometres north of the Dominican Republic. The Territory consists of two groups of islands separated by Turks Island Passage, a deep-water channel approximately 35 kilometres wide. The Turks Islands are situated east of the Passage and the Caicos Islands to the west. The Turks group comprises two inhabited islands, namely, Grand Turk (on which Cockburn Town, the capital, is located) and Salt Cay, as well as eight uninhabited cays and a large number of islets. The principal islands in the Caicos group are North Caicos, South Caicos, Middle (or Grand) Caicos and Providenciales. East Caicos and West Caicos are uninhabited.

2. According to information received from the Office of the Chief Minister of the Territory, the latest census taken in the Territory, on 31 May 1990, registered a population of 11,465, a 54.5 per cent increase from 7,413 tallied in the 1980 census. In mid-1991, the population was estimated at 12,500. 2/

II. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitutional developments

3. A summary of the Constitution of 1988 and the proposed changes in the basic law of the Territory are contained in the previous working paper on the Turks and Caicos Islands prepared by the Secretariat (A/AC.109/1185, paras. 3-4, 7-9).

B. Political parties and elections

4. General elections are held every four years. The general elections of 31 January 1995 were contested by candidates from the two traditional political parties, the People's Democratic Movement (PDM), which won 8 of the 13 seats in the Legislative Council, and the Progressive National Party (PNP), which took 4 seats. One seat was won by an independent candidate, a former Chief Minister Mr. Norman Saunders. 3/

5. On the basis of those returns, the Governor appointed the head of PDM, Mr. Derek Taylor as Chief Minister. As of this writing, information on the composition of the Territory's Government was unavailable.

C. Public service

6. In 1993, the authorities took further steps to reform the public sector. An efficiency study of the public service was completed which aimed at reducing the size of the public sector. The Government pursues retraining and redeployment programmes alongside a strategy to facilitate re-employment of retrenched public officers. 4/

III. ECONOMIC CONDITIONS

A. General

7. The economy of the Turks and Caicos Islands continues to be based primarily on property development, offshore banking, tourism, the export of fish and government expenditure. The Territory also draws considerable external assistance from the United Kingdom of Great Britain and Northern Ireland, Canada and such international and regional institutions as the European Development Fund and the Caribbean Development Bank (CDB).

8. The Caribbean Development Bank reported in 1994 that economic activity in the Territory picked up in 1993 following a decline of around 1.5 per cent in 1992. In real terms, gross domestic product grew by about 2 per cent, fuelled by an estimated 5 per cent growth in tourism activity. Public sector investment registered a 65 per cent increase for the first half of the fiscal year 1993-1994. Construction activity also increased in 1993 after a downturn during 1991 and 1992. 4/

9. Improved economic activity was influenced by increased public and private sector investment. However, the main factor which influenced growth in the economy was improved airline access from North America to Providenciales, the primary tourist destination in the archipelago. A major North American airline carrier introduced airline service to the Territory in December 1992, followed in 1993 by two additional airline services launched between Grand Turk and Miami. At present, 15 flights per week are available. 4/

B. Public finance

10. The Government's fiscal operations improved in 1993. Recurrent revenues increased by 7.7 per cent while expenditures fell by 3.3 per cent. Recurrent revenue and expenditure were running at 7 per cent below budgetary estimates. The Caribbean Development Bank predicted a recurrent deficit of $2.5 million for 1993/94, a significant improvement over the initial budgeted deficit of $4.2 million (a 13 per cent reduction) in 1992/93. 4/

11. At the end of 1992/93, the Government's overdraft with local commercial banks stood at $5.9 million, an increase of $1.8 million over the previous year. This was projected to increase by $4.1 million in 1993/94 in order to cover the budgeted deficit of that amount. 4/

12. The authorities implemented several measures to improve fiscal performance during the fiscal year. These included a wage freeze, increase in business licence fees, tighter administration of the budget, and improved efficiency in the collection of accommodation taxes since responsibility for this was shifted to the Customs Department in December 1992. The authorities expect that fiscal performance will continue to improve, with significant savings from reduced manpower costs. The fiscal deficit is expected to be eliminated by the end of fiscal year 1995/96.

13. Significant effort to restrict recurrent expenditure was expected in the coming fiscal years. However, the Caribbean Development Bank cautioned that revenue performance might be constrained by the discretionary duty exemptions on imports. Improvement in revenue collection for counterpart financing of public sector investment would be a significant policy challenge to the territorial Government. 5/

C. Offshore and insurance business

14. The offshore finance sector continued to expand with a 27 per cent increase in company registrations in 1993. Offshore business activity in the Territory was boosted by the successful launching of two new vehicles aimed at the United States market, namely, limited liability partnerships and limited liability corporations. Both represent niche areas in offshore financing and have been given substantial exposure in the major finance centres of North America. The incorporation fee which was reduced from $300 to $100 also contributed to the increase in company registrations. Total income of the Government from the sector was approximately $2.5 million for 1993 compared with $2 million for 1992. An increase in business activity is expected in the coming years. 4/

15. In 1993, two major North American corporations took advantage of the enacted provision in the Territory's offshore legislation on preferred stock offerings valued $600 million and $200 million, respectively, in the form of the so-called "monthly income preferred shares" (MIPS). MIPS enabled issuers to deduct the "dividends" on the preferred shares as if they were interest. Although similar transactions have been done for European companies and financial institutions, the issue represented the first such offering by the United States corporations. It was reported that the United States Revenue Service increased efforts in scrutinizing large offshore tax-driven transactions of United States companies. 6/

16. As reported previously, in 1992 the Territory had a total of 1,538 registered offshore companies.

17. At the end of 1993, the Territory had a total of 1,488 licensed insurers of which 1,395 were credit life reinsurers, 43 were captives and 50 were insurers of other types. Along with those insurers, the islands had seven licensed brokers, eight licensed insurance managers and three licensed principal representatives.

18. In 1993, the Turks and Caicos Islands regulatory agency suspended the licences of six insurers for a variety of reasons, including failure to comply with the insurance law and inadequate capitalization. Regulators also rejected seven licence applications for unsatisfactory due diligence findings, questionable reinsurance support and lengthy delays in finalizing applications. 7/

D. Land tenure, agriculture and livestock

19. A summary of the Territory's agricultural development is contained in the previous working paper on the islands prepared by the Secretariat (see A/AC.109/1185, paras. 26-29).

E. Fisheries

20. Fishing is one of the most important primary economic activities in the Territory. Its main commodities are lobster and conch. This industry provides all of the Territory's exports and is an important source of employment.

21. According to the Caribbean Development Bank, the fishing industry grew in 1993. Total lobster landings increased by 30 per cent, conch landings by 16 per cent and scalefish by 2 per cent. Gross export earnings from lobster sales were $3.1 million compared with $2.5 million in 1992. Export earnings from the sale of conch also increased to $1.1 million from $0.9 million in 1992. Revenues from fishing licences issued by the Government amounted to $0.1 million, compared with $0.09 million in 1992. 4/

F. Tourism

22. Tourism continued to be the main source of revenue for the Territory. As such, the Government accords high priority to the carefully planned development of this sector.

23. According to the Caribbean Development Bank, stopover arrivals reached the record level of 56,000 in the first 10 months of 1993, a 33 per cent increase over arrivals in the comparable period of 1992. 4/

24. The United States continued to be the most important source of visitors, accounting for 68 per cent of the total, while visitors from Europe accounted for 12 per cent. The improvement in direct airline access to Grand Turk resulted in an increase of 11 per cent in tourist arrivals to the island in 1993. This represented a marked reversal of the decline in the tourist industry since 1990.

25. Investment in the tourism sector increased in 1993, as reflected in the 8.4 per cent increase in the number of rooms to 1,100. 4/ Construction work on a major 200-room hotel project valued at $30 million and started in 1993 is scheduled for completion in May, to be followed by its opening for tourists in October 1995. 8/

26. In order to reduce the present seasonal fluctuations in the industry and heavy dependence on visitors from the United States, the Tourism Board of the Territory launched an aggressive marketing campaign in Europe. The Caribbean Development Bank cautioned that the rate of increase of visitor arrivals in the following year would be slower due to limits in accommodation capacity. The Board has plans to extend its hospitality training programme to all sectors of the domestic community. 4/

G. Communications and other basic facilities

27. Communications and other basic facilities are reviewed in the previous working paper on the Territory prepared by the Secretariat (see A/AC.109/1185, paras. 40-44).

IV. SOCIAL CONDITIONS

A. Labour and immigration

Labour

28. As previously reported, the Government is the largest employer, with 31 per cent of the active labour force holding government jobs. Agriculture and fisheries account for 18.5 per cent of the labour force, the hotel and restaurant industry employs 15.2 per cent and the construction and installation sectors together employ 12.7 per cent. The manufacturing, commerce, transport and communication, insurance and real estate sectors employ, in sum, 13 per cent of the workforce.

Immigration

29. The influx of illegal immigrants from neighbouring islands, either for political or economic reasons, is a recurrent problem. In May 1990, the Legislative Council enacted an immigration bill, which provided for new methods of dealing with applications for work permits, the establishment of an immigration board, the redesignation of the post of Chief Immigration Officer as Director of Immigration and the introduction of a firm policy on the whole question of immigration.

30. The authorities currently pursue a delicate balance between creating a more liberal investment environment while preserving access by the Belonger population to economic benefits. The main areas of reform include more transparent procedures in the granting of business licences; a more liberal immigration policy to increase population substantially in the medium term; an investor-friendly incentives package with flexible provisions based on guidance from the proposed investment development agency; a more liberal land policy to allow non-Belonger ownership; and recommendations for revision of the tourism policy to reflect greater involvement of the private sector in the establishment of standards. 4/

B. Public health and environment

31. The summary of public health and environment is contained in the previous working paper on the islands prepared by the Secretariat (A/AC.109/1185, paras. 57-62.)

C. Social and welfare services and education

32. A summary of social and welfare services, as well as educational conditions in the Territory, is contained in the previous working paper on the islands prepared by the Secretariat (A/AC.109/1185, paras. 63-72).

V. PARTICIPATION IN INTERNATIONAL ORGANIZATIONS/ARRANGEMENTS

33. Several United Nations bodies and specialized agencies provide assistance to the Territory. Such assistance is coordinated and carried out within the framework of inter-agency consultations between the United Nations Children's Fund (UNICEF), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the International Labour Organization (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Health Organization (WHO). The Territory also receives aid from the Pan American Health Organization (PAHO).

34. A summary of UNDP programmes in the Territory as well as of assistance provided by other organizations of the United Nations system is contained in the previous working paper on the islands prepared by the Secretariat (A/AC.109/1185, paras. 45-50).

35. The Turks and Caicos Islands were admitted as an associate member of the Caribbean Community (CARICOM) in July 1991.

VI. FUTURE STATUS OF THE TERRITORY

Position of the administering Power

36. A summary of the position of the administering Power towards its dependent Territories is contained in previous working papers prepared by the Secretariat (A/AC.109/1137, para. 17; A/AC.109/1139, para. 17; A/AC.109/1180, paras. 30-36).

Consideration by the General Assembly

37. In a statement to the Second Political and Decolonization Committee (Fourth Committee) of the General Assembly on 12 October 1994, 9/ the representative of the United Kingdom stated his Government's position towards its dependent Territories (see also A/AC.109/2013, para. 62).

38. On 9 December 1994, the General Assembly adopted resolution 49/46 B, a consolidated resolution on nine Non-Self-Governing Territories, section VIII of which was specifically devoted to the Turks and Caicos Islands.

Notes

1/ The information contained in the present paper has been derived from published reports. The facts and figures presented in the working paper are the latest information available.

2/ Caribbean Development Bank, Annual Economic Report, 1991 (Turks and Caicos Islands).

3/ Caribbean Update, March 1995, p. 20.

4/ Caribbean Development Bank, Annual Report 1993 (Barbados), p. 40.

5/ Ibid., p. 41.

6/ Business Week, 22 November 1993.

7/ Business Insurance, 18 April 1994, p. 71.

8/ Caribbean Update, April 1995, p. 21.

9/ A/C.4/SR.5, para. 28.

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Addendum

The present document contains additional information on assistance by the United Nations Development Programme (UNDP) to the Turks and Caicos Islands.

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1. The programme of assistance of the United Nations Development Programme (UNDP) for the period 1993-1996 is described in document DP/CP/TCI/3, containing the third country programme for the Turks and Caicos Islands, approved by the UNDP Governing Council in February 1993. The total fifth cycle indicative planning figure (IPF) entitlement under this programme amounts to $910,000.

2. In recognition of the specific characteristics of small island economies and in order to accelerate progress in the economic and social sectors of the Turks and Caicos Islands, the programme places emphasis on UNDP support for public sector management, education and environmental management. UNDP resources were primarily used to provide technical services in key areas of the public sector. The provision of a computerized data collection system for customs allows the Government to access accurate statistical data for planning purposes and increases its revenue inflows. At the sectoral level, a review of the country's education system has provided the Government with options to be pursued in streamlining the system to meet labour market trends.

3. The Turks and Caicos Islands also receive UNDP assistance under the fourth regional programme for Latin America and the Caribbean, described in document DP/RLA/4. The Caribbean component of this regional programme has made provision for technical assistance in the amount of $7 million to benefit the countries of the Caribbean Community (CARICOM), in which the Turks and Caicos Islands enjoys associate membership.

4. In response to the programme of action ensuing from the Global Conference on the Sustainable Development of Small Island Developing States, which took place in Barbados from 25 April to 6 May 1994, two aspects of the programme of action are receiving particular UNDP attention. They are: (a) the establishment of the collaborative network to facilitate access by small island developing States to vital environmental information; and (b) the implementation of a technical assistance programme, which will among other things support the implementation of the programme of action, and in particular address capacity-building constraints of small island developing States.

5. Also in response to the programme of action, UNDP has launched a regional project funded under Capacity 21, which bears potential benefit for the Turks and Caicos Islands, since it will eventually extend its assistance to more than the six pilot countries within the Caribbean region, with the objective of strengthening their capacities to manage and implement sustainable development plans and programmes at the local, national and regional levels.